

1996

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

DAIRY PRODUCE LEVY (No. 1) AMENDMENT BILL 1996

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Primary Industries and Energy,  
the Hon John Anderson MP)

## DAIRY PRODUCE LEVY (No. 1) AMENDMENT BILL 1996

### GENERAL OUTLINE

1. The purpose of this Act is to introduce corrective amendments pertaining to the imposition of dairy industry levies thus making the levy imposition arrangements consistent with current industry practices. These amendments apply retrospectively from 1 July 1995.
2. This Act works in conjunction with the *Dairy Produce Act 1986*, the *Dairy Produce Levy (No.2) Act 1986* and the *Primary Industries Levies and Charges Collection Act 1991*.
3. Market milk is redefined under this Act as that milk for which the producer receives a market milk payment. Manufacturing milk subsequently represents the residual of total leviable milk less market milk. These changes, in conjunction with the related legislation, provide the framework for the manner in which the dairy support arrangements are currently administered and accord with established milk payment practices within the dairy industry.
4. This Act is amended to make it clear that the market milk and manufacturing milk levies are imposed on the milk fat and protein content of market and manufacturing milk as determined on-farm.
5. The *Dairy Produce Levy (No.1) Amendment Act 1996* removes the Corporation, promotion and research levy liability from milk consumed, disposed of or lost on-farm. In practice, the amounts of such milk are indeterminate and have consequently never incurred levy and the removal of the liability gives legal effect to industry policy and practice.
6. The changes to the market support arrangements constitute a minor legal correction and do not affect the administration of the scheme. Importantly, the market support arrangements remain consistent with Australia's commitments to the World Trade Organization Agreement.

### FINANCIAL IMPACT STATEMENT

7. There are no direct financial implications of this Act for the Commonwealth as this legislation is designed to reflect current industry arrangements with respect to the imposition and collection of the market milk and manufacturing milk levies and the subsequent payment of domestic support.

## NOTES ON INDIVIDUAL CLAUSES

### Clause 1 - Short title

8. This Act will be called the *Dairy Produce Levy (No. 1) Amendment Act 1996*.

### Clause 2 - Commencement

9. The *Dairy Produce Levy (No. 1) Amendment Act 1996* will apply retrospectively from 1 July 1995.

### Clause 3 - Amendments

10. The *Dairy Produce Levy (No. 1) Act 1986* is subsequently amended as set out in Schedule 1.

## SCHEDULE 1 - Amendment of the *Dairy Produce Levy (No 1) Act 1986*

### 1. Title:

11. The title of the *Dairy Produce Levy (No.1) Act 1986* is amended to read "An Act to impose levies upon the milk fat content and the protein content of certain dairy products in Australia".

## Part II - Levies On Relevant Dairy Produce

### Imposition of levies

#### 2. Paragraph 5 (1) (a):

12. Paragraph 5 (1) (a) is amended so that the market milk levy is imposed on milk for which the producer receives or is entitled to receive a market milk payment, provided that milk was supplied to the person making that market milk payment before 1 July 2000. A market milk payment is a monetary payment or payment in kind paid to a milk producer in respect to liquid milk for human consumption in Australia. Consequently, for the purposes of the market support arrangements, manufacturing milk equals total milk produced less market milk less milk consumed, disposed of or lost on-farm other than that lost in the on-farm manufacture of dairy produce.

#### 3. Paragraphs 5 (1) (d), (e) and (f):

13. Paragraphs 5 (1) (d), (e) and (f) are amended so that the Corporation, promotion and research levies only apply to milk on which a manufacturing levy or market milk levy is imposed. Consequently, the Corporation, promotion and research levies are not imposed on milk consumed, disposed of or lost on-farm.

Amount of market milk levy

**4. Section 6:**

**5. Paragraph 6 (a):**

**6. Paragraph 6 (b):**

14. The amount of market milk levy imposed by Section 5 of this Act on milk for which a market milk payment is received is calculated at the prescribed milk fat and protein content of the milk ex-farm. Any subsequent standardisation or modification treatment applied by a manufacturer to such milk has no bearing on the market milk levy liability of the producer or on the determination of the manufacturing milk levy liability to be paid by that manufacturer.

Amount of manufacturing milk levy

**7. Paragraph 7 (2) (a):**

**8. Paragraph 7 (2) (b):**

15. The manufacturing milk levy is calculated at the prescribed milk fat and protein rates on the milk fat and protein content of manufacturing milk as measured either ex-farm, if delivered to a manufacturer, or immediately before being used in an on-farm manufacturing process in the case of milk manufactured on-farm.

**9. Section 9**

16. Section 9 provides for the Corporation, promotion and research levies to be levied on the milk fat and protein content of milk as measured ex-farm, if delivered to a manufacturer, or on the milk fat and protein content of milk prior to it being used in the manufacture of dairy produce in respect of milk manufactured on-farm.



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